

California

3,571,013 Small Businesses

683,999 Small Businesses with Employees

2,887,014 Small Businesses without Employees (Nonemployers)

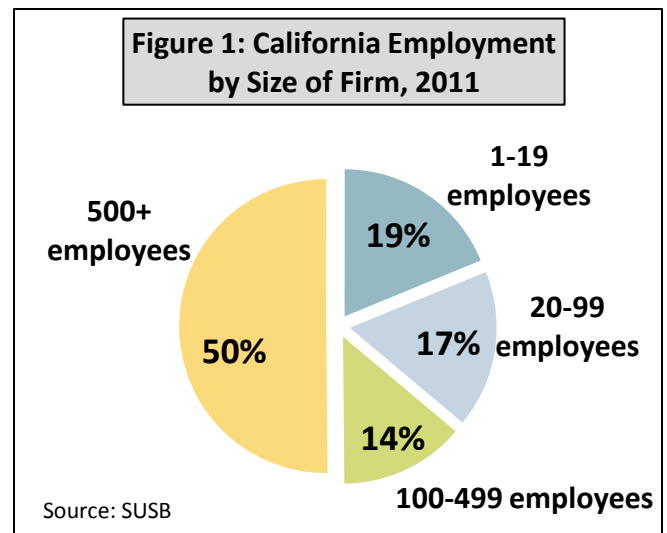
6,331,871 Workers Employed by Small Businesses

State Economy Overall

- California's economy grew at a faster rate than the United States in 2012. California's real gross state product increased by **3.5 percent** compared to **2.5 percent** for U.S. gross domestic product. (Source: BEA)
- The employment situation in California has improved. The unemployment rate in California declined from **9.8 percent** in December 2012 to **8.3 percent** in December 2013. This is above the national average of **6.7 percent**. (Source: BLS)

Employment

- California's small businesses employed half or **6.3 million** of the state's private workforce in 2011.
- Almost all firms with employees are small. They make up **99.2 percent** of all employers in the state. **Table 3** offers further industry detail on small firms.
- Firms with fewer than 100 employees have the largest share of small business employment. **Figure 1** offers further detail.
- The three industries with the most small business employment were: accommodation & food services; health care & social assistance; and professional, scientific, & technical services (**Table 4**).
- In California, small businesses created **104,360** net new jobs in 2011. The biggest gain was in the smallest firm size category of 1-4 employees. (Source: BDS)
- The number of people who were primarily self-employed decreased in 2012. For demographic detail on the state's self-employment, see **Figure 2**.
- The state's private-sector employment increased in 2013 by **3.6 percent**, which was above the national average growth rate of **2.1 percent**. (Source: BEA, BLS)



The *Small Business State and Territory Profiles* report on the economic status of small business from 2010 to 2013. They include information on the number of firms, employment, demographics and other topics using the most recently available government data. They are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. *Note that this report defines small businesses as firms with fewer than 500 employees.*

Income and Finance

- Most small businesses are sole proprietors. Annual income from sole proprietorships increased **6.9 percent** in the 3rd quarter of 2013 and totaled **\$149.4 billion**. (Source: BEA)
- The Federal Deposit Insurance Corporation tracks banks and bank branches and publishes annual data for each state. For more detailed information see www2.fdic.gov/sod/sodSummary.asp?barItem=3.
- In 2012, **758,453** loans under \$100,000 (and valued at **\$9.6 billion**) were issued by Community Reinvestment Act lending institutions in California. (Source: FFIEC)

Business Owner Demographics

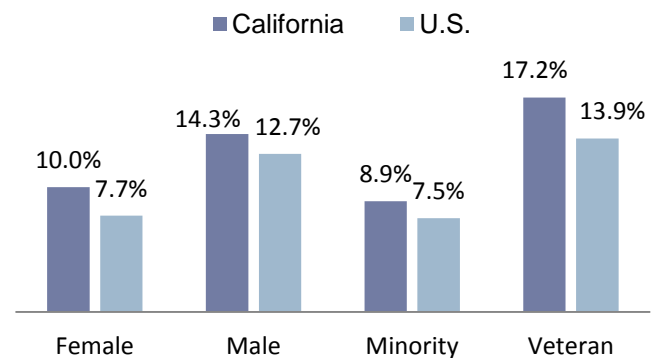
- In 2011, there were an estimated **1,084,000** woman-owned businesses and **1,274,000** minority-owned businesses. For additional business demographic information, see **Table 1** and **Figure 2**.

Table 1. Demographics of All California Businesses, 2011

	Number of All Businesses ^e	Share of All Businesses (%) [*]
Male Owned	1,760,000	49.2
Woman Owned	1,084,000	30.3
Equally Male and Female Owned	622,000	17.4
Minority Owned	1,274,000	35.6
Veteran Owned	250,000	7.0

e = Advocacy estimate. *2007 SBO. Note: This estimate is based on the share of business owners in the 2007 SBO. This share is multiplied by the total number of businesses in 2011 (employer + nonemployer firms). These shares will not be updated to 2012 until fall 2015. Thus, the 2011 estimates assume the 2011 shares are the same as 2007. For more information, visit www.sba.gov/sites/default/files/files/ca10.pdf.

Figure 2: California Self-Employment Demographics, 2012



Source: CPS

Note: Share of self-employed workers within a demographic group.

Business Turnover

- **Table 2** gives California's establishment survival rates over an eight-year period, 2002-2010.
- In the 2nd quarter of 2013, **73,920** establishments opened and **80,330** closed in the state of California. (Source: BED)
- Business bankruptcies declined in net from 2010 to 2013, signaling a stronger state economy. (Source: U.S. Courts)

Table 2. Survival Rates of Establishments in California

	Establishments Opened [*]	Share Surviving Until 2012 (%)
2002	77,587	31.7
2007	78,999	43.7
2010	59,134	67.7

Source: BLS, BED. *Data year ending in March.

International Trade

- A total of **75,012** companies exported goods from the state in 2012. Of these, **71,921** or **95.9 percent** were small firms; they generated over two-fifths (**44.6 percent**) of the state's total known export value. (Source: ITA)

Table 3: Number of California Small Firms by Industry, 2011
(ranked by number of small employer firms)

Industry	Employer Firms With 1-499 Employees	Employer Firms With 1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, scientific, & tech. svcs.	104,762	98,072	501,688	606,450
Health care & social assistance	85,419	78,138	275,167	360,586
Retail trade	67,376	61,676	219,494	286,870
Construction	64,233	58,951	219,230	283,463
Other services (except public admin.)	61,707	57,040	443,840	505,547
Accommodation & food services	57,257	46,155	39,721	96,978
Wholesale trade	48,656	42,088	60,425	109,081
Real estate & rental & leasing	36,372	34,479	299,602	335,974
Manufacturing	35,030	27,138	44,333	79,363
Admin., supp., waste mgt., remed. svcs.	34,239	29,904	247,638	281,877
Finance & insurance	26,461	24,518	82,980	109,441
Arts, entertainment, & recreation	19,070	17,357	181,464	200,534
Transportation & warehousing	16,410	14,245	124,763	141,173
Information	13,839	12,167	56,596	70,435
Educational services	10,312	8,097	70,225	80,537
Unclassified	2,214	2,213	0	2,214
Management of comp. & enterprises	2,103	481	0	2,103
Forestry, etc. & agriculture support	1,790	1,592	13,172	14,962
Mining	562	439	5,349	5,911
Utilities	450	401	1,327	1,777
Total	683,999	614,538	2,887,014	3,571,013

Table 4: Employment in California by Industry and Firm Size, 2011
(ranked by small firm employment)

Industry	Employment		Small Firm Share of Industry Employment (%)
	Small Firms	Total Firms	
Accommodation & food services	833,097	1,339,508	62
Health care & social assistance	821,133	1,714,414	48
Professional, scientific, & tech. svcs.	623,243	1,212,869	51
Manufacturing	609,600	1,134,193	54
Retail trade	554,990	1,517,573	37
Wholesale trade	486,103	790,097	62
Construction	481,521	555,192	87
Other services (except public admin.)	436,236	539,629	81
Admin., supp., waste mgt., remed. svcs.	398,428	1,086,339	37
Real estate & rental & leasing	190,179	270,918	70
Finance & insurance	188,146	571,421	33
Educational services	184,322	368,524	50
Arts, entertainment, & recreation	157,598	290,128	54
Transportation & warehousing	157,137	424,729	37
Information	134,636	497,861	27
Management of comp. & enterprises	42,130	271,499	16
Forestry, etc. & agriculture support	18,008	26,466	68
Mining	8,984	22,579	40
Utilities	4,174	D	D
Unclassified	D	D	D
Total	6,331,871	12,698,427	50

Source, Tables 3 and 4: SUSB

See www.sba.gov/advocacy/847/841921 for more detailed data.

Note: Small firms are defined as nonfarm firms having fewer than 500 employees.

(D) Data suppressed to protect the confidentiality of individual firms.

Abbreviations and Resources

BEA	Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov .
BED	Business Employment Dynamics, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov/bdm .
BDS	Business Dynamics Statistics, U.S. Census Bureau, www.census.gov/ces/dataproducts/bds .
BLS	Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov .
CPS	Current Population Survey, U.S. Census Bureau, and U.S. Department of Labor, Bureau of Labor Statistics, www.census.gov/cps .
FDIC	Federal Deposit Insurance Corporation, www.fdic.gov .
FFIEC	Federal Financial Institutions Examination Council, www.ffiec.gov .
ITA	International Trade Administration, U.S. Department of Commerce, www.trade.gov .
SBO	Survey of Business Owners, U.S. Census Bureau, www.census.gov/econ/sbo .
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau, www.census.gov/econ/susb .
U.S. Courts	Administrative Office of the U.S. Courts, www.uscourts.gov .